

## **SECTION B - SUPPLIES OR SERVICES AND PRICES/COSTS**

### ***B.1 General***

The Contractor shall provide, in accordance with issued Task Orders (TOs), all management, supervision, labor, facilities, and materials necessary to perform OTIS support services on an Indefinite-Delivery-Indefinite-Quantity basis. Task Orders may be Time and Materials (T&M), Labor Hour, Firm Fixed Price (FFP), or Fixed Price Incentive in accordance with Federal Acquisition Regulation (FAR). Task Orders will be issued in accordance with the procedures and provisions set forth in Sections G, I, and H. It is anticipated that initial taskings under the OTIS contracts will be T&M type.

### ***B.2 Base and Option Periods***

The term of the indefinite delivery indefinite quantity (IDIQ) contracts is 12 months from date of award with four one year option periods. These are not multi-year contracts as defined in FAR Part 17.1. Task orders may be issued with performance periods up to twelve months plus any option periods that may be specifically allowed in accordance with Section H.11 TASK ORDER OPTIONS.

### ***B.3 Contract Pricing***

#### ***B.3.1 Time and Materials (T&M)***

All task orders issued on a T&M basis will be priced in accordance with the pricing set forth in Section B.4, CLIN Rate Table. The labor rates in this section reflect the hourly fully-burdened rates for each labor category and will apply to all direct labor hours. The loaded hourly rates are ceiling price rates and the Contractor may, at its discretion, elect to propose lower hourly rates on a task by task basis.

Indirect costs allocated to any direct materials and other direct costs shall be proposed consistent with the contractor's established accounting practices and the payment requirements in the clause at FAR 52.232-7, Payments under Time and Materials and Labor Hour contracts (FEB 2007) and FAR 52.216-7, Allowable Cost and Payment Clause (DEC 2002).

(a) Labor. The Section B.4 CLIN Rate Table represents fully-loaded hourly rates for each skill classification. The fully-burdened labor rates include all direct, indirect, general and administrative costs and profit associated with providing the required skill. The fully-burdened labor rates include all labor and labor-related costs, such as, but not limited to, the following list of representative labor-related costs: salaries, wages, bonuses to include stock bonuses, incentive awards, employee stock options, stock appreciation rights, employee stock ownership plans, employee insurance, fringe benefits, contributions to pension, other post-retirement benefits, annuity, employee incentive compensation plans, incentive pay, shift differentials, overtime, vacation time, sick pay, holidays, and all other allowances based upon a comprehensive employee

compensation plan. The use of uncompensated overtime is not encouraged. All hourly rates are based on a 40-hour work-week (ex. 1,920 hours per year or in accordance with the Contractor's CAS Disclosure Statement).

(1) Government Site Rates. When performing at Government sites, the Contractor shall furnish fully-burdened labor rates. The Government will provide only office space, furniture, and office equipment and supplies.

(2) Contractor Site Rates. When performing at a Contractor site, the Contractor shall furnish fully-burdened labor rates which include loads for office space and all normal supplies and services required to support the work. This includes, but is not limited to, telephones, faxes, copiers, personal computers, postage (to include courier services such as Federal Express), ordinary business software (e.g., word processing, spreadsheets, graphics, etc.), normal copying and reproduction costs.

(b) Program Management Support Costs. Contract-level program management support costs are included as a percentage of each individual labor category rate, and encompass support for contract-level management (to include the direct labor costs of the Program Manager and Deputy Program Manager, if applicable, in the Core Intelligence Services and the Training Services functional categories), reporting requirements (See Section F) and related travel and meeting attendance costs associated with the Contractor's program management staff, as it relates to overall management of the OTIS Program. As a result, these program management support costs are allocated across all of the task orders issued under these contracts for functional categories 2 & 3. Please note that the direct labor costs for the Program Manager and Deputy Program Manager for the OMS functional category are to be attributed to the specific CLINS identified.

(c) Materials. Materials are defined in the clause at FAR 52.232-7, Payments Under Time and Materials and Labor Hour Contracts (FEB 2007)

Materials means-

- Direct materials, including supplies transferred between divisions, subsidiaries, or affiliates of the Contractor under a common control;
- Subcontracts for supplies and incidental services for which there is not a labor category specified in the contract;
- Other direct costs (e.g., incidental services for which there is not a labor category specified in the contract, travel, computer usage charges, etc.); and
- Applicable indirect costs.

Indirect costs allocated to any direct materials and other direct costs shall be proposed consistent with the payment requirements of the Payments Under Time and Materials and Labor-Hour Contracts (FEB 2007) FAR Clause 52.232-7, (b)(5), as follows:

“The contractor may include allocable indirect costs and other direct costs to the extent they are—

- (i) Comprised only of costs that are clearly excluded from the hourly rate;
- (ii) Allocated in accordance with the Contractor’s written or established accounting practices; and
- (iii) Indirect costs are not applied to subcontracts that are paid at the hourly rates.”

Indirect costs are allocated to any direct materials and other direct costs shall be proposed consistent with FAR 52.216-7, Allowable Cost and Payment Clause (DEC 2002).

The cost of general-purpose items required for the conduct of the Contractor’s normal business operations are not allowable materials in the performance of task orders under this contract. See Section G and Section H for additional limitations on materials and mandatory support documentation. Profit is not allowed on materials under a T&M type task order.

(d) At any time and throughout the life of the contract, at the request of either the Contractor or the Government, the Contractor may propose additional labor categories, rates and descriptions in addition to the Government labor categories. These additional labor categories, rates and descriptions will be negotiated on a case-by-case basis. The additional categories, rates and descriptions proposed, upon determination by the Government that they are fair and reasonable, will be incorporated by modification into the Section B.4 CLIN Rate Tables of this contract.

#### ***B.4 Labor Category Rate Table***

The CLIN Rate Table represents all labor rates, ODCs for performance of the requirements as specified in individual Task Orders. Fully loaded hourly labor rates are included for each labor category both at the Contractor site and at Government sites. These fully-loaded hourly labor rates are the ceiling rates representing the maximum rates allowable for Prime and Subcontractors. The years cited represent contract years. Only Government-required labor categories are included in this table.

CLIN	Functional Category	Description	Rate
This table will be completed at time of award.	TBD	Prime Government Site Rates	(to be inserted at contract award)
		Prime Site Rates	(to be inserted at contract award)
		Subcontractor Government Site Rates	(to be inserted at contract award)
		Subcontractor Site Rates	(to be inserted

			at contract award)
		Travel Costs	
		Direct materials, subcontracts for incidental services, and applicable indirect costs	

(End of Section B)